KOPFSEGREET

GENERAL

1. Arabs reserving decision on Palestine truce -- US Embassy Cairo has learned from an Arab League official that the Arabs are reserving their decision on prolongation of the Palestine truce while awaiting UN Mediator Bornadotte's reply to the Arab counter-proposals for a permanent settlement. The Embassy reports the British Amhassador's belief that the bellicose Arab assertions should not be taken fully at face value and that the Arabs may prolong the truce despite statements to the contrary.

UK advises Arabs to accept truce extension -- Foreign Secretary Bevin has told U3 Ambassador Douglas that he wishes to leave no stone unturned in British efforts to extend the Palestine truce. Douglas reports that the UK is advising the Arab governments of its views that: (a) the truce must be extended; (b) if the Arabs are responsible for the resumption of hostilities, Security Council condermation is inevitable and future UK arms deliveries will be impossible; (c) a Jewish state is an established fact; and (d) the UN Mediator's proposals are more favorable to the Arabs than any suggested before and should be used as a basis for negotiations.

EUROPE

2. YUGOSLAVIA: Reported reasons for Cominform action --The US Military Attache in Paris transmits an account of remarks made by Communist Leader Ducles, at a meeting of the French Communist Party Politburo, concerning the Cominform attack on Marshal Tito. According to Duclos, Zhdanov (Soviet Cominform representative) charged Tito with violating the principles of international Communism by: (a) supporting Bulgarian Premier Dimitrov's opposition to the Kremlin, presumably in connection with the Balkan Federation; (b) failing to support the Greek guerrillas and exploiting the Greek situation for Yugoslavia's profit; (c) making territorial demands on Trieste; and (d) opposing

DIA & DOS review(s) completed.

NO CHANGE in Class.

- 1 - DECLASSIFIED Class. CHANGED TO:

DDA Momo, 4 Apr 77

CONFIDENCE CRET

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TOP SECRET

the proposal that the Balkan Communist parties give finance is support to the western Communist parties.

according to Zhdanov, the USER had decided that formul condemnation of Tito was preferable to allowing Tito to permit leaks of information concerning his divergencies with the Kremlin, thus providing ammunition for foreign anti-Communist propagands.

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(CIA Comment: CIA believes that Tito primarily was prevented from obeying Fremlin orders by the problems are ing from Yugoslav "nationalism" and internal economic and political difficulties.)

FAR HAST

3. INDOCHINA: French action held necessary—The US Consulting Saigon reports that the situation in French indochina has become so confused that it is essential for the French Government to take positive and prompt action both on the recognition of a change in the status of Cochin China (now a French solery) and the official acceptance of the Franco-Vietnamese agreement of 5 June 1948. The Consult adds that lack of action will confirm the Vietnam belief that the French Government sefuses to acknowledge the agreement arranged by French High Commissioner Bollaert, thus leaving the Vietnamese with no image to hope for from the accord or from future negotiations.

(CIA Comment: CIA believes that the present Xu in regime in Indochina has little chance for success because the Schuman Government is not likely to jeopardize its position at this time by risking debate over the liberal concessions necessary for the continuation of the regime.)